

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO AMEMBASSY TOKYO

USMISSION IAEA VIENNA

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TOKYO FOR USAEC

E.O. 11652: N/A

TAGS: TECH

SUBJ: USAEC ENRICHMENT SERVICES/AMENDMENT 1968 AGREEMENT FOR
COOPERATION

REF: STATE 22084

SUMMARY - PHILIPPINE NATIONAL POWER CORP. (NPC) HAS REQUESTED
USAEC ENRICHMENT CONTRACTS FOR TWO 600 MWE UNITS TO BE UNDER
CONSTRUCTION IN 1977 AND 1978 AND OPERATING IN 1982 AND 1983.
GOP SUGGESTED REVISION OF APPENDIX TO PRESENT AGREEMENT TO
ACCOMMODATE THESE PROJECTS. DEPT. AND AEC HAVE CONCLUDED
THIS NOT NECESSARY AND ADVISED GOP ACCORDINGLY.

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1. BY LETTER DATED MARCH 19, NPC ADVISED AEC IT WISHED

ENTER INTO LONG-TERM ENRICHMENT CONTRACTS FOR THE TWO PROJECTS. GOP EMBASSY SUBMITTED NOTE DATED MARCH 26 PROPOSING REVISION OF BILATERAL APPENDIX TO REFLECT STATUS TWO NPC POWER REACTORS WHICH WOULD QUALIFY FOR FUEL SUPPLY CONTRACTS UNDER PRESENT AGREEMENT.

2. ON APRIL 16, RPES OF DEPT AND AEC MET WITH GOP REPS. (CADAY, NEW AT EMBASSY, AND LEUNG, PHILIPPINE CENTRAL BANK REP AT EMBASSY) TO DISCUSS GOP NOTE. GOP REPS WERE ADVISED THAT, PURSUANT AEC LONG-TERM FUEL SUPPLY POLICY ADOPTED IN 1971 (WHEREBY NEW AGREEMENTS AND AMENDMENTS WOULD NO LONGER REPRESENT ANY SORT ADVANCE SUPPLY ASSURANCE), US COULD NO LONGER REVISE APPENDICES TO COVER REACTORS SHOWING POST-1973 CONSTRUCTION STARTS. (LAST APPENDIX REVISIONS WERE IN 1973 IN CONNECTION CHANGING TO NEW STYLE AGREEMENTS NO CONSTRUCTION DATE AFTER 1973 SHOWN THEREIN). HOWEVER, IN THIS CASE NOT NECESSARY REVISE PHILIPPINE APPENDIX. UNDER BILATERAL ARTICLE IX.D, CONSTRUCTION START DATES IN APPENDIX MUST BE MET FOR ASSURED RPT ASSURED FUEL SUPPLY; AEC, HOWEVER, HAS CERTAIN LATITUDE IN INVOKING THIS PROVISION. ALSO, UNDER CURRENT AEC CONTRACTING POLICY, BASIC ALLOCATION AGAINST AEC DIFFUSION PLANT CAPACITY PURSUANT CONTRACTS IS NOW MADE IN TERMS MEGAWATTS (ELECTRIC). CUSTOMER MUST STATE REACTOR SIZE WITHIN MAXIMUM RANGE OF 200 MWE. SINCE TWO PROJECTS IN PHILIPPINE APPENDIX ARE 500 MWE NOMINAL, TWO NPC 600 MWE PROJECTS CAN ACCEPTABLY BE RELATED TO APPENDIX PROJECTS AND THUS BE ACCOMMODATED UNDER PRESENT AGREEMENT.

3. WHILE AEC CAN CONTRACT WITH NPC FOR ITS TWO PROJECTS UNDER BILATERAL'S AUTHORITY, PRESENT U-235 KGS. LIMITATION AND AGREEMENT'S TERM MUST GOVERN SUCH CONTRACTS UNTIL AGREEMENT AMENDED. JUNE 30 DEADLINE NOT RPT NOT A FACTOR HERE. AT APRIL 16 MEETING GOP REPS. INFORMALLY GIVEN DRAFT BILATERAL AMENDMENT (COPY BEING POUCHED) WHICH WAS BASED ON SAMPLE PROVISIONS GIVEN LEUNG IN 1973 (POUCHED MANILA, AS NOTED REFTEL). GOP REPS WERE ADVISED IT DESIRABLE THAT AMENDMENT SHOULD MOVE ALONG PROMPTLY TO REMOVE AFOREMENTIONED AGREEMENT LIMITATIONS.

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4. ON APRIL 30 USG REPLIED FORMALLY TO GOP NOTE (COPY BEING POUCHED). USG REPLY NOTED THAT DRAFT TEXT OF AMENDMENT TO AGREEMENT ALREADY INFORMALLY PROVIDED AND INDICATED WE PREPARED DISCUSS IT ANY TIME.

5. ON MAY 2 NPC REPS. ARRIVED AEC HQS TO BEGIN CONTRACT NEGOTIATIONS. CONTRACTS MUST BE EXECUTED BY JUNE 30. ON US SIDE, ONCE CONTRACT LANGUAGE AGREED TO, PROCEDURES CAN

BE CONCLUDED WITHIN ABOUT 4-6 WEEKS. AEC BELIEVES CONTRACTING DEADLINE CAN BE MET.

6. FOR BACKGROUND. IN CONNECTION BILATERAL AMENDMENT (AS OPPOSED TO CONTRACT), FOLLOWING ARE USG STEPS REQUIRED PURSUANT US ATOMIC ENERGY ACT: (A) REACH AD REFERENDUM AGREEMENT ON TEXT; (B) APPROVAL OF TEXT BY DEPT. AND USAEC COMMISSIONERS; (C) INITIAL TEXT BY REPS. DEPT., AEC, AND GOP EMBASSY; (D) SUBMISSION TEXT TO PRESIDENT FOR APPROVAL AND AUTHORIZATION SIGN; (E) FOLLOWING PRESIDENTIAL APPROVAL, FORMAL SIGNATURE OF AMENDMENT; (F) SUBMISSION OF TEXT TO CONGRESSIONAL JOINT COMMITTEE ATOMIC ENERGY FOR 30-DAY WAITING PERIOD WHILE BOTH HOUSES IN SESSION; AND (G) DELIVERY OF DIPLOMATIC NOTES REQUIRED BY ARTICLE VI OF AMENDMENT ADVISING CONSTITUTIONAL AND STATUTORY PROCEDURES FOR ENTRY INTO FORCE COMPLETED. RUSH

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